

PROPONENT SB 323

COPA Testimony
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Good morning! My name is Charles Jennings. I have been engaged in the practice of orthopedic hand and upper extremity surgery with Great Falls Orthopedic Associates for the past 32 years. When I first came to Great Falls, I wondered why a community of our size needed two full-service hospitals. It did not take long for me to realize the value of competition between hospitals. I saw many instances where hospital employees tried harder to do a better job for their patients knowing that there was an alternative across town. Furthermore, I believe that we were able to stay on the forefront of new medical developments in this town because of competition between hospitals. For instance, when one of our surgeons requested one hospital to buy equipment for a new procedure called endoscopic cholecystectomy, or gallbladder removal, that hospital refused, whereupon the physician took his request to the other hospital, which complied. You all know what has become the standard of care for gallbladder disease - endoscopic cholecystectomy.

Based upon this and other experiences, I was openly opposed to the hospital merger when the opportunity presented itself over ten years ago. In spite of my opposition, the merger took place, but in order to achieve the merger without burdensome oversight from the federal government, a state-managed Certificate of Public Advantage, or COPA, was imposed. This allowed the merger to take place and, in fact, Benefis Healthcare has done extremely well, both in keeping costs low and providing new and improved service. This improved performance was largely based upon savings and efficiencies acquired through the merger and may not have been quite the same had restrictions not been imposed. However, in recent years, the hospital's profit margin has gradually lessened. The playing field has changed. Competition has arrived within our own community and region as well as from other regions of the state. The COPA is no longer appropriate or useful for our community or region.

I still believe strongly in the value of competition and we certainly have competition within our community from the Great Falls Clinic and its surgical hospital as well as the tremendous resources of their allied organization, Essentia Healthcare. So, fairness is really the issue in this climate of competition. If we are to have a full-service hospital for our community and the north central Montana region, we must have a level playing field. The playing field is already uneven by virtue of the Clinic's managed care insurance product which effectively excludes patients from half of the doctors in Great Falls. There now exists in our community as many doctors out of the Great Falls Clinic as in the Clinic. I believe that a vast majority of doctors both and in and out of the Great Falls Clinic are excellent professionals who are dedicated to patient care. Why any of

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these physicians would want to handicap their only full-service community hospital is unclear to me. What does a full-service community hospital mean? It means that the hospital must provide services which are profitable and also services which are unprofitable. Traditionally, the most profitable services in a hospital are the surgical services and the profits from these services must offset losses from an emergency room, from an air ambulance service, from psychiatric services as well as a marginally profitable Intensive Care Unit, medical and pediatric services. One of the provisions of the COPA was that the ~~Great Falls Clinic~~ ^{Benefis Healthcare} would receive \$1.5 million to offset its sole provider status. With the Great Falls Clinic/Essentia Surgical Hospital, Benefis Healthcare will, in all likelihood, lose its sole provider status and thus, \$1.5 million in revenue. Furthermore, continuing to comply with the COPA also costs the hospital around \$800,000 per year draining valuable resources that could otherwise be committed to patient care. In short, the COPA has outlived its usefulness as evidenced by the fact that only two other hospitals in the country are still bound by it and we are by no means the only community in our state with a single hospital. To quote Benefis Healthcare administrator John Goodnow, "Keeping COPA in place harms Benefis' ability to compete, raises Benefis' costs and threatens Benefis' ability to continue to offer a full and complete range of services and programs."

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